

I. MARKETING CONDITIONS

NEW PM BRANDS

Cambridge Full Flavor

The wholesale introduction has been exceptionally successful. Direct account purchases are usually in excess of allocations. Accounts are fully aware of the growth of the Cambridge family. Retail response has been equally enthusiastic - both independent and chain. Distribution on other Cambridge packings has been positively affected. Several reports of retailers not previously stocking Cambridge who have accepted the full line. Total distribution has improved by about 2% on each Lights packing over the last sixty days.

Pre-booking in June was a very effective way of gaining distribution and preparing everyone involved for the coming of a new brand. It gave us a better feel for acceptance and allowed us to insure adequate quantities of the product at wholesale for automatic distribution and down-the-street retail coverage. It allowed the Sales Reps time to prepare themselves, as well as their accounts, for the new brand and the programs and eased acceptance. Early consumer reaction is favorable with "2 for 1" displays and carton coupons. The impact of the recent state tax increases and manufacturers' increase make Cambridge an even more attractive addition with price becoming a priority with the consumer. Pre-booking also got us immediate acceptance at some grocery wholesalers that normally hold out.

PHILIP MORRIS

Large volume increases in May and June, primarily as a result of price and state tax increases in Minnesota and North Dakota, have brought our current YTD units to 3.9 billion, +6.5%. The Third Quarter payback will be significant, but the continued growth of Marlboro Lights, Merit Ultra and Cambridge with the addition of new products will result in unit sales growth for the year. We are still projecting a 1% gain.

Share analysis for May shows the Section at a record high for one month of 40.6. The twelve month moving average is up 1.7% to 37.31.

INDUSTRY

Competitive couponing, both on carton/pack and by mail, continuing to increase. All competitive companies are experiencing SOM loss year-to-date, ranging from Lorillard - 0.77% to RJR - 1.11%.

Economic conditions remain fairly stable throughout the Section with retail sales, employment and new construction all increasing.

LEGISLATIVE ACTIVITY

The budget bill for Wisconsin included 1¢ per pack increase. This was changed by a six person committee to 5¢ per pack, without any vote, and sent with the budget bill package to the Governor. The Governor does have line item veto so he can change the tax back to 1¢ or eliminate. It appears as a 50-50 chance he will line veto back to 1¢ per pack.

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II. MAJOR COMPETITIVE DEVELOPMENTS

AMERICAN

Heavily couponing Carlton, Lucky, Pall Mall 25's and Malibu. Movement on Lucky remains stable, with little or no movement on the other brands.

American Rep reported they are to start pre-booking Pall Mall Red Kings and 100's with lower levels of tar/nicotine.

BROWN & WILLIAMSON

A "2 for 1" program is scheduled for Kool packings in August.

Division realignment has the Thief River Falls area assigned to the Grand Rapids, Minnesota Sales Rep. Consignment funds are \$6000 for rural Reps and \$3000 for city Reps.

LIGGETT & MYERS

Rumored that their new contract payment is \$27.00. We are trying to secure a copy.

Couponing full price brands with \$2.00 off coupons.

Mail-in offer on all brands to receive a free thermo cooler or get money off on other coolers.

LORILLARD

They are paying out of category and for more rows than they actually have on carton rack contracts in order to prevent us from gaining fourth shelf. Also attempting to team up with American in order to save their contracts.

Two dollar off promotion on the Newport family showed excellent movement in Wisconsin. Also working a "2 for 1" program on this brand.

One dollar off coupons on old packings of True, and a free lighter with pack purchase of True in the new silver packing.

R. J. REYNOLDS

Sales Rep call rate is at eight per day, with account contact waived to allow for priority penetration of permanent POS presentations and placement, OFM and carton rack presentations. Sales Reps are allowed to take decision makers out for lunch to encourage acceptance. It appears they are continuing to pay for both our contract and their own in order to remain on or gain a position on the top two shelves on carton racks/C.I.'s. Also offering accounts \$25 to \$200 as installation cost for OHPM's.

A mail-in survey is being conducted on whether consumers like the new packaging on Salem.

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Current promotions include: Winston Lts. Box and Camel 100's - "2 for 1", magazine ad to call 1-800-Vantage to receive two free cartons and "new" two dollar off carton coupons on Winston, Camel and Salem with an expiration date of 10/31/87.

St. Paul Sales Rep is retiring in eight weeks and that territory will be split up among other Sales Reps. RJR is hiring part-time people to do couponing as well as set up displays. They have their full-time Reps sell in product and programs, then part-time people come in to follow-up.

GENERIC

This category is being flooded with new entries. Numerous floor and package displays are cropping up through the efforts of Brown & Williamson, American Tobacco, Liggett & Myers and Philip Morris/R. J. Reynolds in an effort to capture a major share of the growth. In Minnesota, retailers are attuned to the potential resulting from state tax and price increases. They are highly receptive to new entries in their attempt to balance out their generic cigarettes department.

Doral and Cambridge are the major growth brands, but pressure from competition is capturing business in isolated areas. Some examples of activity include:

Malibu - American has done an excellent job of developing exposure, inventory and consumer trial. Floor displays of cartons and packages are in evidence. Carton coupons (\$3.00) and package coupons (30¢) are moving product. SuperAmerica and Country Club Markets have reported strong sales increases.

Falcon - Brown & Williamson appears to be dropping their emphasis on Major in favor of Falcon. Many reports of high volume retail chains and independents that have discontinued Major. Direct accounts are also dropping the brand. Falcon is being worked through small floor displays supported by one and two dollar coupons. Brown & Williamson has had problems finding a home for Falcon at retail, but have established fair visibility.

Stride, Frontier, Monticello and Flavor Lights - Exposure is dwindling rapidly. No longer a viable competition to Cambridge and Doral.

Doral - Exposure, inventory and solid merchandising efforts are constantly increasing visibility, availability and share growth. This brand is especially well positioned in high volume retail accounts. Couponing is constant.

III. TRADE CLASSES

WHOLESALE

Distributors

Acquisitions and mergers (rumors/facts) are at low ebb. No current activity in this area. Current activities are focused on expanding service areas for the more aggressive accounts and maintaining a reasonable cash flow for those that are being affected.

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Queen City Wholesale and Farner Tri-State, Sioux Falls, South Dakota - Continue to battle each other for business in Sioux Falls and the surrounding area. Farner appears to be winning this battle according to the PM Customer Analysis Report. Farner is up 12.8% through April and Queen City is down 13.6%.

Central Wisconsin Paper, Wausau, Wisconsin - Had planned on starting up a cigarette distribution network at their Appleton location. So far this plan has been put on hold. It would definitely help out our Sales Reps in the area.

L. F. Currie & Sons, Duluth, Minnesota - Reports a problem with Minter-Weisman cutting into their "territory". They reportedly had an agreement with Minter that neither would bother the other in the Duluth area. Currie's, therefore, is going after Minter. As of July 1, they had picked up a chain of four gas/convenience stores that Minter has serviced for years.

Bemidji Candy, Bemidji, Minnesota - Rumor has it that their bid for Chapter 11 reconstruction has been approved by the courts. However, penetration of the area by other distributors may be too deep to turn around at this point.

Core-Mark Distributors, Milwaukee, Wisconsin - Has reportedly lost the business of seventy Speedway Stations in Wisconsin to Eby Brown. Will mean a loss of about 300 cases/week or approximately 10% of Core-Mark's total average weekly volume.

Wholesale Grocers

No major developments for this trade class in general. Continued concerns about the future of our category are prevalent. They question the long term viability of cigarettes and question the investment in new products that we, as an industry, are asking them to make. Product replacement seems to be a growing trend - for new items added, we are asked to drop an equal amount of existing distribution.

The beefing-up of computer generated ordering systems, U.C.S. at Super Valu and BICEP at Holiday Companies, Inc., has been instrumental in this group's efforts to run "tight" or "just-in-time" inventories. They want to maintain high customer service fulfillment levels - 96% satisfaction levels - with the least amount of inventory possible. We must keep buyers appraised of any major coupon drops or promotions which could create an upward spike in movement on select items.

Godfrey Co., Waukesha, Wisconsin - Has reached an agreement for the sale of all divisions, including Hub City Wholesale and retail groups, Sentry and Sun, to Fleming Co. No immediate operational or personnel changes are planned.

Super Valu, Eden Prairie, Minnesota - Had also been discussing a possible acquisition with Godfrey. They have now announced plans to build a new dry grocery and frozen foods distribution center in northwest Milwaukee. This 300,000 square foot facility will be their first in the Milwaukee metro area. They have been servicing accounts from their Green Bay warehouse.

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Gateway Foods, LaCrosse, Wisconsin - Has added a full time buyer at their Blooming Prairie, Minnesota warehouse. This account is positioning itself to compete against the traditional candy and tobacco jobbers in southeast Minnesota, northern Iowa and western Wisconsin. This account will concentrate their efforts in the small grocery and c-store type accounts.

Gateway-Twin Ports is now considering Ashland, Wisconsin for its \$9 million grocery warehouse that was scheduled to be built in Superior this year.

RETAIL

Supermarkets

No major developments to report for this trade class.

Red Owl Stores, Hopkins, Minnesota - Their long term plan to sell off corporate stores to independent operators is not progressing as smoothly as they had hoped. They have had to buy back about ten previously sold stores, as the franchise operators could not make a go of it. Several of these stores are in key, strategic market areas for Red Owl: Rochester, Minnesota, Bismarck, North Dakota, Sioux Falls, South Dakota and Aberdeen, South Dakota. Even though continued support is not a winning proposition, they cannot afford to lose the outlets. These occurrences cloud the long term strategic plans for Red Owl to focus on the wholesaling side of the business.

Erickson Foods, Hudson, Wisconsin (14 stores) - Rumors are circulating that Gateway is interested in buying this chain.

Country Club, Minneapolis, Minnesota (42 stores) - Closed one store June 30th and have another scheduled in July. This brings total stores to 42.

Copps, Stevens Point, Wisconsin - Opened new 52,000 sq. ft. store in Stevens Point. Will be putting together System 2000 presentation.

Burnstad's, Tomah, Wisconsin - Opened new 50,000 sq. ft. store in Portage, Wisconsin. Planning for new stores and remodeling of present ones.

Rainbow Foods, Minneapolis, Minnesota - Has opened their nineteenth corporate store in Brooklyn Park, Minnesota right across the street from Cub Foods' largest store. This account has also opened their second franchise store - this one in Marshfield, Wisconsin. Look for more franchise locations to appear in areas outside the metro area. Franchise stores are still in the incubation stages as Rainbow is not quite sure at this time how many franchise stores they want. Growth in this area will be slow but steady.

Cub Foods, Minnetonka, Minnesota - Accepted both System 2000 and Electronic Message Center for implementation late July. Very impressed with videos and overall presentation. Said it was the nicest presentation received from any manufacturer.

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CONVENIENCE/CONVENIENCE GAS

Rumors are again heating up about possible consolidations in this area, involving some major players.

Food N Fuel - General Operating Manager Ed Bird has made three trips down to Phoenix, Arizona in the past eight weeks. Store Coordinator Bruce Mordick has indicated that conversations were held with Karl Eller of Circle K Corporation. It would seem that Circle K would be looking for a larger group of stores than Food N Fuel's 100 stores, if they intend to enter the Minnesota market, although this would provide them with a valid operating base.

Tom Thumb, Hastings, Minnesota - Cash flow problems are rumored to persist. Owner, Wally Pettit, bought out his partner's 50% share earlier this year. In order to finance this purchase, Wally borrowed \$1 million from Gateway - LaCrosse and \$9 million from Norwest Banks. Street talk has it that these notes are due in full on 9/30/87. This would seemingly present Gateway's Mr. Rhinehardt with an excellent opportunity to add to his growing collection of retail outlets. If they did assume control of the Tom Thumb operation, it would be an excellent fit with their Kwik Trip group, with essentially no overlap of stores. Not coincidentally, at the same time as the loan was made, Tom Thumb switched grocery suppliers from Red Owl to Gateway exclusively.

This trade class continues to be Philip Morris' area of strength. Gas convenience stores are the fastest growth class in our retail industry. Philip Morris influence at ground floor is paying dividends in visibility through POS, fixturing and package displays. I am concerned that as our CMS II stock depletes, we will not be able to provide fixturing for cartons. This could have a negative affect on package merchandisers. Hopefully, the Plan M unit will have a positive effect.

MASS MERCHANDISERS

Dayton Hudson Company (Target Stores, Minneapolis, Minnesota - 247 stores) was able to obtain the necessary legislation in an emergency session of the Minnesota Legislature to avoid a possible takeover. The morale at Target's office for a long period of time was pretty somber until this legislation passed. I have noticed at Target Stores though, that the checkbook is not as open as it once was. Two of their stores in Texas have closed during the past three months. The remodeling and grand opening of the former Gemco Stores (California) has begun and they have an aggressive plan for the remainder of the year for store openings across the country (Michigan to California).

DRUG

Snyder Drug Warehouse, Minneapolis, Minnesota - Considering giving up their direct account status for cigarettes. Minter has approached them about supplying all cigarettes. Minter would purchase, stamp and then drop ship to Snyder's warehouse for their distribution to their customers. Snyder is concerned about the cost of new stamping machinery, upgrading costs on computer software and cost inventory. Will keep you appraised.

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VENDORS

The feeling that cigarette manufacturers have abandoned this trade class, plus the inflationary costs of cigarettes, anti-smoking impact on locations and gasoline locations converting to over-the-counter has placed cigarette vending at the bottom of vendors' priorities.

Henry's Candy Company, Morris, Minnesota - Putting dollar bill acceptors, at a cost of \$725.00 per machine, in key locations. Tom is hoping that a program will be implemented by one of the major tobacco companies like R. J. Reynolds had two years ago to help defray the cost of the units.

Midwest Vending, Minneapolis, Minnesota - Wayne Doyle from this company continues to expand his vending operation. This vendor recently purchased sixty machines from Viking Vending and he has his eye on possibly buying out one more vendor. While everyone else complains about the vending climate, Midwest is doing all they can to increase their vending stops.

RETURN GOODS

Our returns continue to be down for the year. This decline may accelerate as Minnesota accounts wait for the state to begin issuing full credit for tax. Our people continue to manage effectively at all locations.

IV. KEY ACCOUNT CONTACTS

Contacted Target three times this period with Area Manager C. Thompson and new SAM E. Lenocho. Called on Assistant Buyer John Mullaney, Buyer Trish Adams, Merchandising Manager Roger Stephens and Director of Merchandising Roger Gangman. All presentations were on System 2000. A 4x4x4 prototype department was installed in their Plan-O-Gram Room on 7/15. They are very close to accepting our fixture with our signage and their pricer panel for 350 stores. Expect a favorable decision by 7/31.

SAM KEY ACCOUNT CONTACTS

Kwik Trip, Inc.
LaCrosse, Wi.

Greg Olson, Buyer

Tim made this call accompanied by Area Manager Kathleen Painter to introduce Cambridge Full Flavor and present a Philip Morris personalized 3 Pack Banner promotion. Kwik Trip accepted both packings of Cambridge and a "2 for 1" display at manager's discretion. Kwik Trip is interested in a 3 Pack Promotion and New York is creating a sample artist's rendering for our follow-up presentation.

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Gateway Foods
LaCrosse, Wisconsin

Steve Kamla, Buyer

Gateway accepted both packings of Cambridge Full Flavor. A total of sixty-four cases were sold in. Product will be stamped and available for shipment to all states covered by August 1.

Tom Thumb, Inc.
Hastings, Minnesota

John Helling, Buyer

ADRS A. B. Campbell accompanied SAM T. Byrne to introduce Cambridge Full Flavor. Acceptance is pending. Follow-up is being made with Dee Smith, NYO, for the possibility of "2 for 1" products for all stores. Account expressed interest in Co-op Lighter Promotion. SAM to follow-up.

Super Valu
Hopkins, Minnesota

Bob Linton, Buyer

Introduced Cambridge Full Flavor and account accepted both packings. Packaged, labeled and routed out-of-date Players Lts. 25's

Super Valu - Mpls. Division
Hopkins, Minnesota

David Haugen, Retail Op. Dir

Paid second quarter Plan A contracts for corporately owned stores and discussed System 2000.

World Wide, Inc.
Minneapolis, Minnesota

Keehn Eagles, Buyer

Presented Cambridge Full Flavor and re-presented Cambridge Lts. with the intro allowance. Acceptance very doubtful. They don't want to impact higher rebated Black and White Generics. Reviewed S.O.M. data for Cambridge and requests from store managers for these items. Still reticent.

Fairway Foods
Minneapolis, Minnesota

Al Hanson, Buyer

Introduced Cambridge Full Flavor and account will accept both packings - full allocation for both distribution centers.

Tom Thumb
Hastings, Minnesota

John Helling, Buyer

Contacted to get final approval on 3 Pack Price Banner artwork. Did final revisions on Tom Thumb logo for completion of 3 Pack Banner Program and submitted it to Phyllis Kornbluth, NYO, for completion.

Cub Foods, Inc.
Brooklyn Park, Minnesota

Gary Bergstrom, Store Mgr.
Tom Haffley, Ret. Counselor

Gave training session on Electronic Message Center keyboard. Programmed several new messages and "refunctioned" some prior messages. Worked with Kim Wald at the store. She will be working with the EMC at store level on the message programming.

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Holiday Gas
Minneapolis, Minnesota

Lloyd Lehnen, V.P. Merch.
Blaine Pederson, Merch. Mgr.
Lisa Malichar, Buyer

Made Marlboro A-1 presentation and they accepted 30 carton bins for all two hundred stores. Will follow-up to insure that bins are available. Re-presented Cambridge franchise. Positioned "lost" sales due to no Cambridge distribution and category growth. Looks good for at least partial distribution. Explained new Plan A contract revisions. RJR is currently placing new carton fixtures. Will negotiate more space based on new P.O.G.

Rainbow Foods
Hopkins, Minnesota

Bill Peterson, Buyer/Merch

Tim made this call accompanied by Area Manager Ed Lenocho for the sell-in of Cambridge Full Flavor. Bill accepted the Cambridge Full Flavor pending code numbers from Gateway - Mpls. Expecting product available at Gateway - Mpls. 7/8/87. Will have automatic distribution of thirty cartons with orders week of 7/13/87. Distribution on these items will force us to move Players 25's to regular contract space. Will advise Sales Reps.

V. MERCHANDISING PROGRAMS

CARTON MERCHANDISING PROGRAMS

Plan A

MIDAS Plan A tracking shows an increase of 1.5 rows on Extended and Standard contracts since 1/87. Total stores contracted have increased to 2407 or 94.8% of potential. Plan A changes will definitely help us build on this momentum.

Revisions to Plan A are very positive, with one exception. Why must we penalize those accounts who merchandise cartons on store shelving by counting actual rows. A four foot section of gondola shelving will hold just as many rows as a four foot System 2000 or Flex module and should be standardized accordingly. We still have many C/I's with prime shelf position, optimum rows and inventory, and in most cases a PM endcap or island package fixture. We will lose most of these by year end if we enforce the actual row count policy.

Plan A-1

Initial acceptance is very positive for the Marlboro Sports Bag. No other promotions this period.

AG/AV

We have turned the corner on fixture placements with our new contract and renewed emphasis as part of the Cambridge Full Flavor introduction. Fixtures on location should continue to increase monthly.

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PACKAGE MERCHANDISING PROGRAMS

Plan B

M-3 and M-4 placements continue to increase and represent 38% of B/M displays on location. Penetration of Plan B/M now stands at 33.3% vs. all stores and 49.6% of pack outlets.

Currently, we have 650 more permanent counter displays on location and as many as B&W, Lorillard and American combined.

Valu counter displays now total 1550 (80% BV).

Plan R

Total contracts have declined to about sixty due to the loss of spinner racks at Kohl's.

Temporary Displays

Set/sells are attractive and well constructed for this period. Retail personnel are requesting ten pack displays.

Special Promotions:

Cambridge Heavy-Up Program - Was well received by retailers. Many commented they liked the green coupon. It helped identify the menthol without having to pull the carton off the shelf. Programs like this that are tailor made for certain markets have a definite positive effect on our business. We need programs like this on a continual basis to improve market share.

Marlboro Two Pack/Lighter - As always this display went over very well. Construction of units was better. Again the major problem is that it is time consuming. Considering the number of displays, 100 unit displays and the workload, it is a tough task to complete this program during a cycle period. Some display placements got carried over to the July cycle. Usage should be 100%.

B&H Inner-City Program - Displays and incentive were very well received by customers and consumers. All appropriate territories received materials, but quantities did not match shipping list.

PHILIP MORRIS FIXTURES

Carton Fixtures

Locations continue to increase. System 2000 departments now total nineteen with eight more scheduled for installation.

We are very close to an agreement with Target for System 2000 in about three hundred stores.

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Package Fixtures

Locations continue to increase, led by OHPM placements. Twenty-one percent of all outlets now have a PM fixture. OHPM's account for 70% of these locations.

VI. SECTION ACTIVITIES

Retail Activity and Accomplishments

Retail emphasis continues to address cycling (now defined as every call contacted at least once), counter and promotional displays, POS and consumer mission. We are attempting to retain the twelve calls per day during routine coverage patterns to free up time for special activities. We managed to attain an 11.2% maximum average during the 6th cycle, but I feel this will decline slightly due to heavy Plan A/AV activity in the months ahead.

Once again, the 6th cycle allowed limited time for special activity, although we experienced fairly good growth in permanent POS visibility. This emphasis will continue. Fixturing involvement was normal. We will step up activities on fixturing as we begin presenting new Plan A's. Currently, Sales Representatives have been gathering information and planning their presentations on Plan A.

ICR error rates were extremely high. The major portion of these were in the area of distribution. The first week of the 7th cycle produced errors in the 20% to 30% range. We will get it straightened out.

Management Activity and Accomplishments

Division Managers' training time increased respectably to 64% this period. This reflects a renewed effort to provide training assistance in basic job accountabilities. This effort will also continue.

Vacations are playing havoc with Division Managers at this time of year. They are attempting to adjust personnel to maximize productivity and are personally covering some of the priority activities in these territories.

Area Managers have virtually completed their Cambridge introduction and have accomplished nearly 100% distribution in all direct accounts and non-direct chains. An excellent job. Great communications with field and follow-up on pre-booking.

A minor lull in national programs has allowed time to return to normal routine in pursuing local priorities. Invoicing, fixturing, permanent POS presentations and even a few vendor contacts have been included.

Area Managers are now gearing up for second quarter invoicing, the Marlboro Sports Bag promotion, Plan A presentations and the new products meeting on June 21st.

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Point of Sale Material

Permanent

Our Special Section POS Project over the last three cycles has yielded 2607 placements for a net increase of 868 pieces on location. Significant in this effort is the 353 new placements of Marlboro Exterior POS. This has greatly enhanced outdoor visibility throughout the Section. Penetration now stands at 80%.

Semi-Permanent - The lighted open/closed sign should have been reported as permanent. Placements are in highly visible locations, compared to the visibility received with a neo-neon and order dividers. These signs have a value to the retailer and will remain up.

Temporary

Nothing to report.

All materials provided in appropriate quantities this period.

We still need more Marlboro Floor Ashtrays and Windshield Washer Buckets.

VII. SALES SERVICES

Systems

New ICR was well accepted. It has about 22% error rate during the first month. OOS is a major area for errors. Working to improve and with increased usage and familiarity, we will have fewer errors. Current week is down to 13%.

New Call Summary is working well. Sales Reps like having the copy for their records. Hopefully will receive new binders as promised by end of July.

New Edit Reports are being received. No problems with reading them. Reps just started receiving printouts this week. Awaiting new Call Book to see how many * we missed.

Office Administration

New office facility gives us much needed additional space and will enhance productivity. Much more professional approach to doing business.

Materials Distribution

Much improvement noted in availability and delivery of fixtures and permanent POS items. Area of concern now is labels and other basic materials. Sales Rep Teresa Schmidt ordered twenty-three different items. Of the items ordered, 43.4% were backordered. Included in the order were decals, large and small department markers, generic set/sells, and carton/pack rack labels.

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VIII. SALES DEVELOPMENT

With the addition of new SAM's, Retail Merchandisers will receive even greater pressure on their time. We simply do not have sufficient Retail Merchandiser personnel to react to the workloads they currently have. The time pressures and quantity of work to be accomplished is resulting in some installations below the quality expected, as well as a reduced cosmetic and functional effect below the standards that the fixtures are capable of providing. This is not sloppy work or lack of ability - it is hurrying. We need at least four more Retail Merchandisers for a total of nine for the Section.

Coupon Effort - We could be well served by having part-time couponers to affix coupons at wholesale level. B&W is currently doing this on behalf of Falcon and RJR on behalf of Doral at most all direct accounts. Discussions with Red Owl, Fairway Foods, Gateway, Godfrey Roundy, Super Valu and Nash Finch indicate that they would be willing to allow us to perform this task, if we did it consistently on a weekly basis. This approach would save a tremendous amount of time at retail and insure a much higher level of couponed product in store.

IX. MEDIA

Henry Tichnor of the Leo Burnett Company, Chicago, surveyed our opportunities for improved outdoor support in the Duluth area. He will make recommendations to John Moran (NYO) in the near future and will send Division Manager Greg Hoffman some information on these recommendations. Henry agrees that there are two excellent opportunities for a Marlboro cowboy or some other type of outdoor sign at reservation locations in northern Wisconsin. Also some prime locations in Duluth. This kind of support at the local level is much appreciated.

X. ASSOCIATIONS & CONVENTIONS

Quarterly Meeting of Wisconsin Association of Candy & Tobacco

Distributors - Attended this meeting with Area Managers Ames and Painter and SSS Bloese. Attendance was down somewhat, but the full membership will be represented at the Annual Meeting in Delavan, Wisconsin in September. We will sponsor the Golf Outing at that time. This meeting included an excellent forum on pending legislative issues in Wisconsin and a good opportunity to interact with principals of Pioneer Co., Tri-Mart, Holiday Wholesale and Peter C. Beck Co.

XI. MISCELLANEOUS

Nothing to report.

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REGION 5

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I. MARKETING CONDITIONSLOUISIANA MULTIPLE LAUNCH

Retail multiple launch activities, particularly in the area of Cambridge Full Flavor, have been dramatically affected by vacations second, third and fourth weeks of July. We can expect to see improvement in the situation beginning the week of July 27, as part-time support will be included in all of the test area in select territories.

A further evaluation of the use of part-time support indicates that territories with this form of help can expect a call rate of approximately 2 calls per day greater than unassisted territories. Audits indicate that in the territories with part-time support, merchandising and visibility are considerably greater than in unsupported territories.

We are continuing to assess the use of part-time help in hopes of modifying our program to evaluate several different options. Presently, part-time support is riding with Philip Morris sales personnel and it is our intention to adjust this pattern after the part-time representatives acquire a working knowledge of in-store activities. At that time, we would like to see the part-time support working independently of the sales force to increase the frequency of retail contact. This is similar to the programs currently used by both RJR and American and, at least in this market, their program has been most effective.

Mechanically, we continue to handle the multiple activities effectively, and our merchandising in store has improved proportionately to that time devoted to the retail call. After our initial high-speed Virginia Slims Ultra Lights and Marlboro lighter coverage, our sales force was to assume a pace that could attain initial up-front visibility and proper merchandising without repeated contact.

Cambridge Full Flavor

Select key Section accounts continue to refuse Cambridge Full Flavor based on movement of Cambridge Lights in this area. These accounts have stated repeatedly that based on that information, further expansion of the line into the full flavor area is simply not justified at this time. We are making every effort in these accounts to insure that Cambridge Lights has proper inventory, rows and visibility to stimulate movement to reinforce the Cambridge Full Flavor argument in subsequent follow-up contact.

Senior Account Manager contacts accepting or refusing to date are as follows:

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Time Saver - New Orleans

Pending - No decision expected prior to August

National Supermarkets - New Orleans

Yes - Delivery week of July 6

The Real SuperStore

Yes - Delivery week of July 6

Imperial Trading Company

Yes - Product in warehouse

Jr. Food Marts of America

Pending - Follow-up contact scheduled week of July 27

McLane's - Brookhaven

Yes - Administrative problems created some confusion early in the retail launch as a result of inconsistent numbers from the Temple location. Additionally, McLane's/Brookhaven has had three buyers in a two-week period.

McCarty-Holman - Jackson

Pending - Account is currently monitoring movement of Cambridge Lights to determine whether the brand will be extended in this operation. Follow-up contact scheduled for week of August 3.

Lewis Grocer Company/Sunflower Group

Yes

Malone & Hyde - Southaven

Yes - Select prebooked forms received out-of-section were unacceptable and created some confusion in delivery of product in Arkansas and Tennessee. This resulted from a form that did not follow guidelines of the Malone & Hyde operation. This problem has been addressed and should be self-correcting.

A&P - New Orleans

Yes - Administrative delays resulting from vacations within the operation, line numbers received late, inconsistent product deliveries to retail. Subsequent follow-up contact has been consistent week-to-week to resolve problems.

Cambridge Full Flavor (cont'd)K&B Drugs - New Orleans

Yes - Delays in line numbers as a result of vacations within the operation.

Schwegmann - New Orleans

No - This decision based on current week-to-week movement of Cambridge Lights being less than one case per week. All product in the Cambridge Lights area leaving the warehouse couponed. Current plan of action is to increase in-store space to stimulate movement of this product, with ongoing recontact on behalf of Cambridge Full Flavor.

Malone & Hyde - Lafayette

Yes

Malone & Hyde - Monroe

Yes

Harrison Company - Shreveport

Yes

Winn Dixie - New Orleans

Yes - DSD only. Administrative delays due to vacations prevented product from being forced until the third week of July.

Conco - Lafayette

Yes

All Area Manager territories to date report 95% acceptance at both wholesale and chain level. Pending accounts receive week-to-week contact to resolve lack of distribution.

Wholesale acceptance was generally just for allocation. Prebooking activities were reasonably successful, and the draw on limited wholesale inventories created out-of-stock situations immediately the first week into the launch. The limited supplies of \$2.00-off coupons were not sufficient to meet our needs. The use of a limited amount of 2-for-1 product on displays created additional out-of-stocks.

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We would recommend the creation of a wholesale-based program by which inventories could be built at the selling outlet through the use of headquarter wholesale salesmen. This activity should begin and occur four weeks prior to any retail launch. Exclude 2-for-1 displays of limited quantity and use the dollars to expand our supplies of on-carton coupons. Create a program similar to RJR's and American's by which a small temporary carton display with provision for packages could be placed on a temporary basis in select key outlets.

Virginia Slims Ultra Lights Test

Initial wholesale distribution problems have been resolved and we are beginning to see slight increase in in-store inventories. We have altered our Sales Representatives' merchandising mission to insure that carton and package fixtures are properly labeled, and that B and M Series displays are properly worked to insure the best presentation of product at retail.

Our local Senior Account Managers were successful in obtaining local force-outs for chains controlled outside the Section and test area. Examples would be Eckerd Drugs, K-Mart and Walgreens. Such approvals are a direct result of the repeated contact that is coming from the Senior Account segment. Early problems with 7/Eleven and SDC appear also to be resolved. SDC just accepted the product the week of 7/20/87, with a 10-carton force-out for all Louisiana 7/Eleven stores.

Two-for-one displays were well accepted and effective in generating early enthusiasm for the product. Our 5-for-3 displays, however, were very slow to move in outlets that did not have special 3-pack pricing. In most cases, the 5-for-3 displays remained 75% full 7 days into the promotional period.

PHILIP MORRIS/INDUSTRY

Wholesale inventories of PM products are still high as a result of recent loading in of product post price increase. The Cambridge, Virginia Slims Ultra Lights and Marlboro brands continue to receive work and promotional support by the sales force. However, this support is limited and the usual concerns about properly managing all Philip Morris inventories continue to surface. Certainly, the use of part-time field support in some capacity can improve this endeavor. Nevertheless, it is my feeling that we are approaching a time when we must provide a time frame to address some key concerns outside the introductory promotional mission.

Sales of competing companies remain below their projections, and they continue to employ whatever means - promotional or coupon - to stimulate unit growth. With the exception of Reynolds, the competition is less than successful in this area.

2043945773

Value Segment

The improvements in our Plan A and Value contracts monetarily seem to have improved the acceptability of the Philip Morris program and hardware. Independent accomplishments have been slow to come as a result of the demands placed on our sales force to introduce new packings and products. Our reduced rate of coverage should allow for additional time to begin to reemphasize the importance of these programs.

Our 4-wide and 7-wide fixturing units were accepted by National Supermarkets in 47 locations, with an average of 147 cartons of Cambridge forced to those stores. A&P has been contacted repeatedly on behalf of the Value program, and we are seeing signs of improvement now that Montvale has blessed the acceptability of our Value Center. Our Senior Account Manager in the A&P account indicates that a firm decision regarding implementation of the Value program can be expected within 2 to 3 weeks.

The following accounts have accepted our BV program and are indicative of the efforts being made by our Area Managers ... Dandy Dan's, Evans Oil, Huber Oil, Rainbo Marketers, Shop-Rite, C-Stores of Louisiana, Speed-E-Tote, Wizard, Shop-A-Minit and Major Mart. A total of 153 BV units will be placed in the named outlets.

Our week-to-week assessment of our couponing efforts in major accounts within the Section indicates that we may have been overly optimistic in our hopes that Sales Representatives and Retail Merchandiser could coupon this product. Reports from every Division indicate a need for part-time incentive merchandiser support, and steps have been taken to insure and meet this manpower need to guarantee couponed product leaving wholesale.

Couponing can stimulate movement. One example would be Associated Grocers, Baton Rouge, where movement of couponed Cambridge was 27 cases above that of the previous month's total. It is our intent to leave our smaller houses unattended and coupon that limited amount of product at store level.

II. MAJOR COMPETITIVE DEVELOPMENTSAMERICAN

The American sales force is devoting total attention to Malibu. Visibility is high, but movement is slow. Two-for-one product is being offered with 30¢-off coupons per pack, and special carton coupons with \$3.00 discounts are being offered.

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AMERICAN (cont'd)

Their grey combination carton/package temporary display has created exceptional visibility at retail. Payment is \$3.00 per row, up to \$45 per month for this unit.

BROWN & WILLIAMSON

Capri remains promotionally driven. Currently, 2-for-1 product is being placed in all outlets within the New Orleans and Louisiana area. Additional package displays involving 2-pack purchase with free pen and lighters are being offered area-to-area. There is no consistency that we can identify regarding the manner in which these promotions are being implemented.

Additional attention of the B&W sales force is being devoted Falcon Lights. Sales representatives are placing 6-carton permanent displays, paying \$10 per quarter. Gratis offers amounting to 50¢ per carton are being offered up to a maximum of \$8 payment on 16 cartons per store.

Couponing of the majority of Brown & Williamson products continues. We are seeing \$1.00 and \$2.00 coupons in this area, with \$2.00 coupons attached to Kool. The general pattern would lead us to believe that \$1.00 coupons are being used in high volume outlets, and \$2.00 coupons in the lower volume outlets.

LIGGETT

Couponing by both their regular and part-time sales forces continues with strong emphasis on their generic brands, where they are placing \$1.00-off coupons. On their full margin brands, \$2.00-off coupons are being attached at store level.

LORILLARD

We continue to see evidence of their new plastic counter or free-standing carton/package display. It is a 6-shelf, 5-wide unit offering a \$45 per month placement payment. The top of the fixture is devoted to package sales and carries an additional bonus if in use.

Couponing of all Newport packings continues, offering \$2.00 off.

Lorillard continues its search for a successful promotion with little luck. Their current two-pack Kent promotion offering four free Kodak batteries is far less than successful, and generally turns into four batteries with one-pack purchase in a very short period of time.

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R. J. REYNOLDS

Their bi-monthly inventory building program is currently underway. Sales representatives are offering promotional incentives equivalent to 25¢ per carton with a minimum purchase of 90 cartons and a maximum purchase of 600 cartons on Winston, Salem, Camel and Vantage. In conjunction with this program, floor bins are being offered in the 90-carton capacity range, with \$2.00-off coupons attached to that same product.

Vantage, Doral Box and Winston Lights Box are currently offering 2-for-1 promotions, with a payment equivalent to 50¢ per carton up to a maximum payment per display of \$10.

Generally, Reynolds is treating their sales calls as two separate contacts - one for Value product, the other for full margin product. The sales force is generally involved in the forcing through and selling of product with construction of displays handled by part-time support. The program seems to have great success, as they can impact an area quickly with both product and displays.

Of late, the majority of their in-store activities have been directed at eliminating all Philip Morris Value units. In those instances where they cannot eliminate our unit, they are at best trying to eliminate the signage with the exclusivity clause involved in their Plan A contract. Additional activities in this area continue to be selling of their 3-wide value centers with \$20 per month payment and an additional \$6.00 bonus if packs are displayed on top.

An erosion of Philip Morris overhead fixtures has been noted as a result of Reynolds offering month-to-month payments tied in with their regular display program for the overhead carton fixture. In conjunction with this type of activity, accounts accepting and maintaining R. J. Reynolds overheads are generally raised to the highest dollar category in all merchandising programs.

We have also noted the Century packing change in the New Orleans area, as they are also offering \$2.00-off coupons on this product.

III. TRADE CLASSESWHOLESALEDistributor

Pelican, Alexandria, La. - Imperial Trading Company continues to phase out operations at the old Pelican warehouse in Alexandria. Our sales force in the Alexandria area continues to experience problems in receipt of promotional material and, at this point, we cannot expect to see any improvement in the situation.

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Distributor

Pelican (cont'd) - We are currently addressing our problems and can hopefully work out a solution with Avoyelles Wholesale Grocer. In the interim, we have elected to ship all promotional product to Pelican State/Monroe, as it is an easier distribution point to all Sales Representatives than Imperial/New Orleans.

Grocer

Please note my comment regarding couponing of Value product at Associated Grocers/Baton Rouge in the Value Segment of this report.

Vending

No activity to report at this time.

RETAILSupermarket

Theriot's, Lake Charles, La. (5 stores) - Current operation is now totally bankrupt and all stores pending court approval are being leased to Market Basket.

Breaux Mart, New Orleans, La. (5 stores) - Plan A was recently signed under new agreement, averaging 92 rows per outlet.

Convenience

Circle K, Jackson, Ms. District (32 stores) - During recent audits, we made inquiries as to the pricing currently in place in Circle K for our Players product. We received ranges from \$1.42 per carton to \$17.00 per carton. Local contact has been instigated to correct the problem and to develop more consistent pricing of our Players product in Circle K outlets.

Cracker Barrel, Baton Rouge, La. (64 stores) - Marlboro Shopping Basket was received by all locations. We are currently evaluating needs to test AM, AL and Plan A contracts within this segment.

7/Eleven, New Orleans District (32 stores) - We finally received beige B-4 low-profile units for placement in 7/Eleven outlets. There is considerable concern by both our sales force and 7/Eleven store management and District management regarding the size of our header card. The current header size far exceeds the brackets for which the card was designed. In doing so, it covers competitive displays and, per discussions with 7/Eleven management, will result in the exclusion of our displays if the header card is not brought down to approved size.

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Drug

Please refer to the Key Account Contact area of this report.

Mass Merchandiser

No further activity to report at this time.

Gas

No comment.

Liquor

No comment.

IV. KEY ACCOUNT ACTIVITY

In my June 1987 report, I overviewed contact activity in six major Section accounts. This synopsis did not effectively explain what I would evaluate as a good effort from the team that contacts our major accounts within Section 51. Further analysis of our contact pattern and days available during the 45 days preceding this report will be sent under separate cover to the Assistant Director Region Sales and Director Region Sales for review.

In reviewing that data, my six account synopsis did not truly reflect the activity. To position the evaluation, let me add that one SAM was in place the full 45 days, and the additional SAM was in place only 15 days prior to that report. In one instance, relocation required some time and holiday/vacation schedules did impact upon account contact.

During the 45 days prior to that report, 14 major Section accounts received 34 individual contacts above the buyer level. During the same period, Senior Account Managers contacted the buyer level and below on behalf of the introductory test of Virginia Slims Ultra Lights and Cambridge Full Flavor introduction. Two significant accomplishments during this period included an A&P Plan A and a National Supermarket Plan A in excess of 90 rows per contract.

I am also directing under separate cover in this particular evaluation subsequent contact summaries involving Key Account contacts for the period prior to the July report and in the next two weeks, in conjunction with the SAMs, we will overview our time utilization during that period.

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It is our further intention to continue to supply the Director and Assistant Director Region Sales this contact information on a regular basis, and overview significant accomplishments within the Key Account section of this report.

Imperial Trading Co., New Orleans, La. John Georges/Vice President

Four contacts during the preceding four weeks. Discussions with John centered on the implementation of the couponing program at Imperial. A decision was made not to maintain two separate bins of product, but rather one bin - all being couponed.

Virginia Slims Ultra Lights was also discussed, and an extension of the program whereas we can obtain force-outs for chains with headquarters outside Section 51. We have been working closely with Bob Pierpoint, director of the chain group, to improve our knowledge of local operations and to take advantage of contacts that he has cultivated over the last five years. One example of this was within a one hour time period during one of the preceding four contacts, Bob secured a 20-carton per store force-out for Eckerd, Walgreens and K-Mart.

National/The Real SuperStore Jay Jeffers/Director of Merchandising

Three separate contacts during this reporting period. Value Centers have been accepted in 43 stores and discussions centered on the implementation and installation of units. Additionally, we discussed a 125-carton force-out of Value product, all couponed, to each individual store to insure that displays were adequately stocked.

Time Saver, New Orleans, La. Dave Daigle/Director of Merchandising

Two contacts during this reporting period. Contact centered around the acceptance of Cambridge Full Flavor, which was refused. Additional discussions involved the Virginia Slims Ultra Lights 5-for-3 promotion accepted by all Time Saver stores. Mr. Daigle was extremely pleased that we used his warehouse for distribution of promotional product, thereby eliminating exchanges and maintaining some controls over his in-store inventories. In Time Saver's case, they were particularly pleased to know that we were offering a 3-pack promotion that tied in very well with their normal 3-pack activities month-to-month.

McCarty Holman, Jackson, Ms. B. Marsalis/Director of Buying

Two contacts during the reporting period. Initial and subsequent follow-up presentation on behalf of Cambridge Full Flavor. The organization refused the brand initially, based on prior movement of Cambridge Lights. We are attempting to improve movement of that product through in-warehouse couponing and have received tentative commitment that movement would be evaluated, and that a further decision on Cambridge Full Flavor would be forthcoming.

KEY ACCOUNT ACTIVITY (cont'd)Schwegmann's, New Orleans, La.Antonio Cardet

Four contacts during this reporting period. Presentation objectives focused on improving in-store inventories of Virginia Slims Ultra Lights, and it was agreed that a force-out would be forthcoming mid-month. Follow-up presentation involving Cambridge Full Flavor was conducted; again, the brand was refused based on movement of Cambridge Lights Kings/100's in this account. We followed up on the Cambridge presentation with a Plan A presentation for additional space for the Cambridge Lights product in hopes that increased movement would generate some enthusiasm for the Full Flavor segment. Product was still refused. B&H Lights Box was presented; decision to accept is pending at this time.

K&B Drugs, New Orleans, La.Norman Courier/Buyer
Steve Ferguson/Merchandiser

Two contacts during the reporting period. The special counter display designed by Philip Morris was discussed in detail. We received a firm verbal commitment that our prototype would be used with some modification, as they are nearing the end of negotiations with the individual magazine companies. We can expect to see installation of displays, based on their time frames, in 5 to 8 weeks.

A&P, New Orleans, La.Ed Gatch/Director of Merchandising

Two contacts during the reporting period. Presentations centered on Montvale's approval of PM Value Centers. Ed was receptive to the presentation at this meeting and has the matter under advisement. We expect a decision on our Value Centers no later than 3 weeks. Additionally, Ed received and accepted presentation for Marlboro Shopping Baskets in 77 A&P outlets. We agreed that some locations would require multiple installations of the shopping baskets.

Winn Dixie, New Orleans, La.Doug McRae/Director DSD Items

Doug received a full presentation and overview of Cambridge Full Flavor, and administrative and warehousing problems we were experiencing with this direct store item. Doug agreed to resolve the problems and forced product to all stores the week of July 20, 1987.

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V. MERCHANDISING PROGRAMSPLAN A

Section Management responded well to concepts of the revised Plan A agreement, and concurred that proper evaluation is necessary to tailor a specific program to meet our individual row needs.

We are concerned that our multiple launch and new brand introductory and sell-in activities will affect our ability to present Plan A agreements. Therefore, our Division Managers have included provisions in their master plan for implementation of the revised Plan A agreements.

An indication of the account acceptability of our program is reflected in R&M Foods, Hattiesburg, Ms. This account, long unsigned by Philip Morris at the chain level, received an initial Plan A presentation and requested additional information under the premise that total chain contract would be signed in the immediate future.

PLAN A-1

Properly assessing our down-the-street and normal promotional needs in the area of A-1 appears to be improving the usage of these units. This can be further extended by providing smaller displays with reduced header size for use during this type of promotion.

SPECIAL PACK PROMOTIONS

Two-for-one units continue to meet our promotional needs during introductory periods. However, it would be our recommendation that promotional product not be used in conjunction with our counter program. A counter program rarely provides adequate space to accommodate enough 2-for-1 units and generally results in a poorly merchandised display within a very short period of time. A further extension of this program might be the construction of a separate special temporary carton/package display for use on-counter, self service, in our chain and independent accounts.

I regretfully report that acceptance of the 5-for-3 program included in the Virginia Slims Ultra Lights test was not readily accepted. Accounts without 3-pack pricing found movement to be slow, with displays remaining up for an extended period of time (7 to 10 days).

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VALUE PROGRAMS/HARDWARE

The modification to our Value payment program and the inclusion into Plan A has resulted in better reception to presentations by our major accounts. An indication of this might be the recently signed revised Plan A agreements with A&P and National Supermarkets, and the acceptance of our Value merchandisers by National Supermarkets.

The BV program continues to gain momentum; however, the small allocation of displays reduced our potential for greater success and penetration of this segment.

Our managers have indicated a need for a special value type carton/package display similar to that being offered by the competition - Malibu in particular - where a few rows of Value product and Value packages can be displays on counter in accepting outlets.

VI. SECTION ACTIVITIES

Current Section activities involve the continued implementation of the Senior Account Manager program and the redeployment of Area Manager territories. We are also involved in the multiple launch of Virginia Slims Ultra Lights test, Cambridge Full Flavor, and the Marlboro M.I.S.T. program.

Additionally, our sales force and management team are involved in obtaining distribution and selling in B&H Lights Box.

VII. SALES SERVICESFleet

In recent weeks, we have been deluged with reports that mini-van alarm systems are malfunctioning. In two instances, our Sales Representatives were threatened with disturbing the peace because their alarm inadvertently activated in the middle of the night.

We are finding repair of these alarm systems difficult and, in many cases, Sales Representatives must travel great distances to have them serviced. We would advise looking into an alternative, either having them installed locally or using a system that is somewhat more durable and designed for commercial use.

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Point-of-Sale

A novel idea currently in use in this and other markets is the automobile sunscreen concept, whereas a piece of cardboard is placed in the front window of an automobile to keep the dash and steering wheel cool. We feel that this could find some use in advertising and promoting our products by putting specific brand information on an item of this type and offering it as a giveaway in conjunction with some type of carton promotion.

The brand that readily comes to mind, of course, is Marlboro, as it would afford us tremendous visibility in parking lots, at the beach, and in areas where reach and frequency could be greatly extended by the use of such an item.

VIII. SALES DEVELOPMENT

No comment at this time.

IX. MEDIA DEVELOPMENTS

In the test area of Louisiana, we continue to note as a result of what we believe to be humidity a fading or changing of the background color on Virginia Slims Ultra Lights signage in the majority of the southwest Louisiana parishes. The white background tends to turn a very dark brown, resulting in poor showing for our advertising.

X. ASSOCIATIONS & CONVENTIONSMississippi Wholesale Grocers' Association

We recently used the "Best Little Warehouse in America" video for our presentation at the annual M.W.G.A. convention in Biloxi, Ms. Unlike the Louisiana group, the Mississippi association found the presentation to be entertaining and enlightening, and has requested our participation again at their 1988 convention.

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We again took this opportunity to entertain the Longs of Long Wholesale operations in several Mississippi cities. Collectively, they control a large segment of the business in the central and east central portions of the state and supply key convenience operators contacted by our Area Managers. Again, they were appreciative and it continued to extend our influence into this area.

XI. SSM MISCELLANEOUS COMMENTS

Several weeks ago, I was handed an article by a chain account involving the high-tech devices soon to be offered, or apparently to be offered, by R. J. Reynolds.

The article appeared in USA TODAY. Whether or not such a device would work, and at what cost, is unknown at this time and I think would be unknown by different parties. Nevertheless, it is a matter of perception. If perhaps Philip Morris could be perceived in some form or fashion to be taking the same interest in pilferage, rather than ignoring the problem, we could perhaps greater influence the acceptability of our fixtures and merchandising programs in key outlets.

Another interesting development involved an operation called Summit Wholesalers, Inc. in Baton Rouge, La. With the purchase of a coupon book, you would receive coupons for free cartons of cigarettes from a concern in North Glen, Colorado, United States Beverage Company. I identified the outlet in question and subsequently followed up with our local Revenue Department. They had no knowledge of this account, but did agree to look into it. I have since received no information regarding the legalities of such a program.

My initial concern was that their advertising flyers had Marlboro advertisement or a sample Marlboro package across the front. Region did receive a copy of the promotional brochure under separate cover and has complete information and telephone numbers regarding this matter.

Other

A recent incident regarding Marlboro Red Box and a cigarette that apparently exploded and burned a smoker has been handled, and proper paperwork has been submitted to our Richmond, New York and Region Offices.

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